



IN REPLY TO:

MTM 91505

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Montana State Office

5001 Southgate Drive

P.O. Box 36800

Billings, Montana 59107-6800

<http://www/mt.blm.gov/>

Notice of Competitive Lease Sale Oil and Gas

March 26, 2002

The Montana State Office is holding a competitive oral sale of Federal lands in the States of Montana and North Dakota for oil and gas leasing. We are attaching a list that includes the parcel numbers, legal land descriptions and corresponding stipulations. The list is available on the Internet at: <http://www.mt.blm.gov/oilgas>. If the site is inaccessible, you may request a paper copy from our Information Access Center by calling (406) 896-5004 between the hours of 9:00 a.m. and 4:00 p.m.

When and where will the sale take place?

- When:** The competitive sale begins at 9:00 a.m. on Tuesday, March 26, 2002. The sale room opens at 8:00 a.m. for registration and assignment of bidder numbers.
- Where:** We will hold the sale at the Bureau of Land Management, Montana State Office, 5001 Southgate Drive, Billings, Montana. Parking is available.
- Access:** The sale room is accessible to persons with disabilities. If you need a sign language interpreter or materials in an alternate format, please tell us no later than one week before the sale. You may contact Elaine Kaufman at (406) 896-5108 or Joan Seibert at (406) 896-5093.

How do I register as a bidder?

Before the sale starts, you must complete a bidder registration form to obtain a bidding number. The forms are available at the registration desk.

What is the sale process?

Starting at 9:00 a.m. on the day of the sale:

- the auctioneer offers the parcels in the order they are shown on the attached list;
- registered bidders make oral bids on a per-acre basis for all acres in a parcel;
- the winning bid is the highest oral bid equal to or exceeding the minimum \$2.00 bid;
- the decision of the auctioneer is final; and
- names of high bidders (lessees) remain confidential until the results list is available.

If a parcel contains fractional acreage, round it up to the next whole acre. For example, a parcel of 100.48 acres requires a minimum bid of \$202 (101 acres x \$2).

If the United States owns less than 100 percent of the oil and gas rights in a

parcel, we will issue the lease for the percentage of interest the United States owns. You must calculate your bid and advance rental payment on the gross acreage in the parcel. For example, if the U.S. owns 50 percent of the oil and gas in a 100.48 acre parcel, the minimum bid is \$202 (101 acres x \$2) and the advance rental due is \$151.50 (101 acres x \$1.50).

What conditions apply to the lease sale?

- **Parcel withdrawal or sale cancellation:** We reserve the right to withdraw any or all parcels before the sale begins. If we withdraw parcels or cancel a sale, we will post a notice in the Montana State Public Records and Information Center and announce the withdrawn parcels at the sale.
- **Lease terms:** Leases issue for a primary term of 10 years. They continue beyond the primary term as long as the lease is producing in paying quantities or receiving production from another source. Rental is \$1.50 per acre for the first 5 years (\$2 per acre after that) until production begins. Once a lease is producing, we charge a royalty of 12.5 percent on the production removed or sold from the lease. You will find other lease terms on our standard lease form (Form 3100-11, June 1988 or later edition).
- **Stipulations:** Some parcels are subject to surface use restrictions or conditions affecting how you conduct operations on the lands. The stipulations become part of the lease and replace any inconsistent provisions of the lease form.
- **Bid form:** On the day of the sale, successful bidders must submit a properly completed lease bid form (Form 3000-2, October 1989 or later edition) along with their payment. The bid form is a legally binding offer to accept a lease and all its terms and conditions. When the prospective lessee or an authorized representative signs the bid form, they certify the lessee meets the conditions of 43 CFR 3102.5-2 and complies with 18 U.S.C. 1860, a law that prohibits unlawful combinations, intimidation of bidders, and collusion among bidders. You cannot withdraw your bid.
- **Payment:**
 - **minimum due by 4:00 p.m. on day of sale:**
Bonus bid deposit of \$2.00 per acre or fraction thereof;
First year's rent of \$1.50 per acre or fraction thereof except for future interest parcels; and
\$75 nonrefundable administrative fee
 - **remaining balance due by 4:00 p.m. on April 9, 2002.**
If you don't pay in full by this date, you lose the right to the lease and all the money you paid the day of the sale. We may offer the parcel in a future sale.
- **Method of payment:** You can pay by:
 - personal check;
 - certified check;
 - money order; or
 - credit card (Visa, Mastercard, American Express or Discover).

Make checks payable to: **Department of the Interior-BLM.** We do not accept cash. If you previously paid us with a check backed by insufficient funds, we will require a guaranteed payment, such as a certified check.

- **Lease issuance:** After we receive the bid forms and all monies due, we can issue the lease. The lease effective date is the first day of the month following the month we sign it. We can make the lease effective the first day of the month in which we sign it, if you ask us in writing before we sign the lease.

How can I find out the results of this sale?

We post the sale results in the Montana State Office Public Room and the Internet at: <http://www.mt.blm.gov/oilgas>. You can buy a \$5/\$10 printed copy of the results list from the Public Records and Information Access Center.

How do I file a noncompetitive offer after the sale?

Lands that do not receive a bid and are not subject to a pre-sale offer are available for a two-year period beginning the day after the sale. To file a noncompetitive offer, you must submit:

- three copies of standard lease form (Form 3100-11, June 1988 or later edition) with lands described as specified in our regulations at 43 CFR 3110.5;
- \$75 nonrefundable administrative fee; and
- first year's advance rental (\$1.50 per acre or fraction thereof)

Place offers filed on the day of the sale and the first business day after the sale in the drop box in the Public Records and Information Center. We consider those offers simultaneously filed. When a parcel receives more than one filing by 4 p.m. on the day after the sale, we will hold a drawing to determine the winner. Offers filed after this time period, receive priority according to the date and time of filing in this office.

How do I file a noncompetitive pre-sale offer?

Under our regulations at 43 CFR 3110.1(a), you may file a noncompetitive pre-sale offer for lands that:

- are available; and
- have not been under lease during the previous one-year period; or
- have not been in a competitive lease sale within the previous two-year period.

Once we post a competitive sale notice, you cannot file a pre-sale offer for lands shown on the notice.

To file a pre-sale offer, you must submit:

- three copies of standard lease form (Form 3100-11, June 1988 or later edition) with lands described as specified in our regulations at 43 CFR 3110.5;
- \$75 nonrefundable administrative fee; and
- first year's advance rental (\$1.50 per acre or fraction thereof)

If we don't receive a bid at the sale for the parcel(s) contained in your pre-sale offer, we will issue the lease. You can withdraw your offer prior to the date we sign your lease. Your pre-sale offer is your consent to the terms and conditions of the lease, including any additional stipulations advertised in the Competitive Sale Notice.

Where can I obtain information pertaining to the individual Forest Service Stipulations?

The applicable Forest Service Environmental Impact Studies (EIS) describe stipulations for parcels located within the administrative boundary of the Forest Service units. The Geographic Information System (GIS) maps of the stipulations may be viewed at the following Forest Service offices:

- The individual District Ranger's Office identified in the stipulation listing included with this sale notice,
or
- The individual Forest Supervisor's Office identified in the stipulation listing included with this sale notice,
or
- Forest Service, Region One Office, 200 East Broadway, Missoula, Montana

How do I nominate lands for future sales?

- file a letter with this office describing the lands you want put up for sale;
- file a pre-sale offer

Who should I contact if I have a question?

For more information, contact Tessie Vaughn at (406) 896-5091.

When is the next competitive oil and gas lease sale scheduled in Montana?

We are tentatively holding our next competitive sale on Wednesday May 29, 2002.

Karen L. Johnson, Chief
Fluids Adjudication Section

OFFICIAL POSTING DATE MUST BE ON OR BEFORE February 8, 2002

The official posting date will be noted on the copy posted in the Information Access Center of the Bureau of Land Management, Billings, Montana.

PUBLIC NOTICE

Any noncompetitive offers received for lands that are listed on the Notice from the time the list is officially posted in the Montana State Office Public Room until the first business day following the completion of the sale will be rejected as unavailable for filing as per 43 CFR 3110.1(a)(ii).

THE FOLLOWING NOTICE WILL BE ATTACHED TO ALL ISSUED LEASES

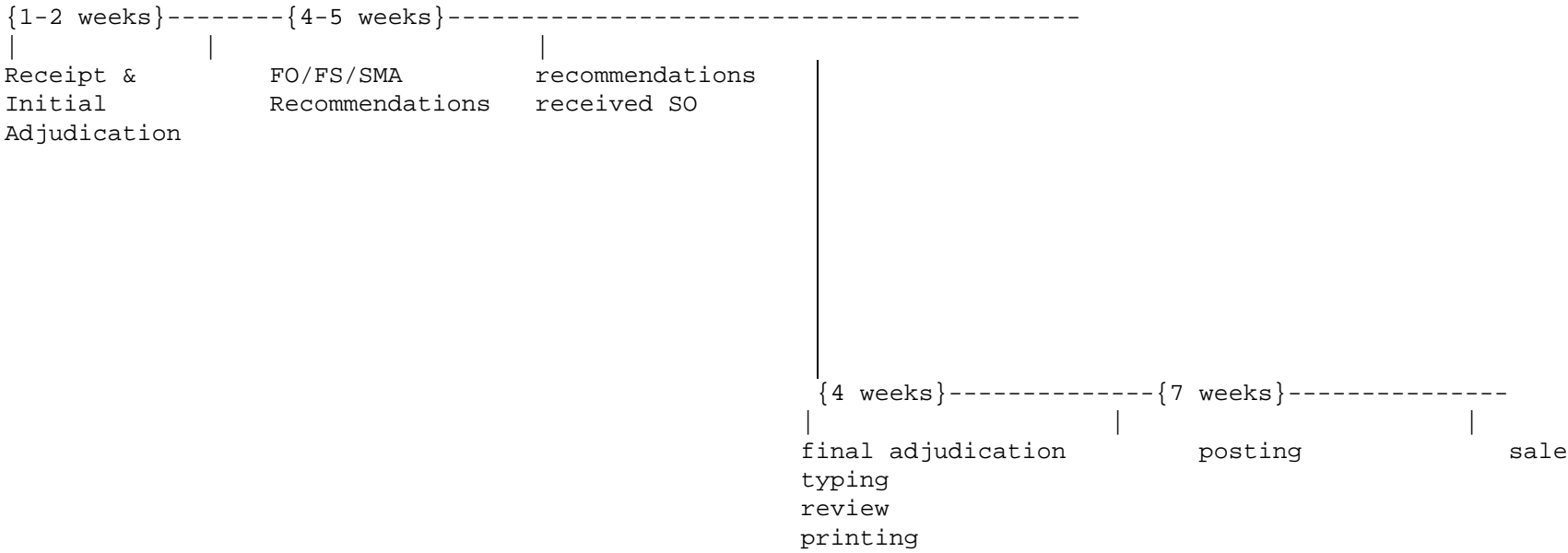
NOTICE TO LESSEE

Provisions of the Mineral Leasing Act (MLA) of 1920, as amended by the Federal Coal Leasing Amendments Act of 1976, affect an entity's qualifications to obtain an oil and gas lease. Section 2(a)(2)(A) of the MLA, 30 U.S.C. 201(a)(2)(A), requires that any entity that holds and has held a Federal coal lease for 10 years beginning on or after August 4, 1976, and who is not producing coal in commercial quantities from each such lease, cannot qualify for the issuance of any other lease granted under the MLA. Compliance by coal lessees with Section 2(a)(2)(A) is explained in 43 CFR 3472.

In accordance with the terms of this oil and gas lease with respect to compliance by the initial lessee with qualifications concerning Federal coal lease holdings, all assignees and transferees are hereby notified that this oil and gas lease is subject to cancellation if: (1) the initial lessee as assignor or as transferor has falsely certified compliance with Section 2(a)(2)(A) or (2) because of a denial or disapproval by a State Office of a pending coal action, i.e., arms-length assignment, relinquishment, or logical mining unit, the initial lessee as assignor or as transferor is no longer in compliance with Section 2(a)(2)(A). The assignee or transferee does not qualify as a bona fide purchaser and, thus, has no rights to bona fide purchaser protection in the event of cancellation of this lease due to noncompliance with Section 2(a)(2)(A).

Information regarding assignor or transferor compliance with Section 2(a)(2)(A) is contained in the lease case file as well as in other Bureau of Land Management records available through the State Office issuing this lease.

**TIMELINE TO PROCESS EXPRESSIONS OF INTEREST (EOI)
OR PRESALE OFFERS**



**Total time required to process EOI/Offer
4-5 months {16-18 weeks}**

SMA-Surface Management Agency
ie: Forest Service, Bureau of Reclamation
FO-BLM Field Office FS-BLM Field Office
SO-Montana State Office

ALL LANDS ARE LISTED IN TOWNSHIP AND RANGE ORDER

MONTANA

03-02-01 PD
T. 30 N, R. 1 E, PMM, MT
sec. 5 BED MARIAS RVR RIPAR TO
LOT 10 DESC BY M&B; 1/
5 LOT 10;
5 SESW;
6 BED MARIAS RVR RIPAR TO
LOT 7 DESC BY M&B; 1/
6 LOT 7,13,14;
6 E2SW,W2SE;
7 BED MARIAS RVR RIPAR TO
LOTS 4,5,6 DESC BY
M&B; 1/
7 LOTS 4,5,6;
7 W2E2,E2SW;
18 LOTS 1,3,4;
18 SENE,NENW,E2SW,NWSE,
S2SE;
28 SE;
Toole 1176.452 AC
Stipulations: Standard, GP-135,
Form 3109-1, Form 3730-1

03-02-02 PD
T. 30 N, R. 1 E, PMM, MT
sec. 13 LOTS 1,2,3,7,8;
13 N2NE,SENE,SWSW,NESE;
13 BED MARIAS RVR RIPAR TO
LOTS 1,2,3,7,8; 1/
24 LOT 5;
24 W2,SWSE;
24 BED MARIAS RVR RIPAR TO
LOT 5; 1/
25 ALL;
Toole 1373.741 AC
Stipulations: Standard, GP-135,
Form 3109-1

03-02-03 PD
T. 31 N, R. 1 E, PMM, MT
sec. 30 LOT 4;
30 SESW;
31 BED MARIAS RVR RIPAR TO
LOTS 3,4,6,8 DESC BY
M&B; 1/
31 LOTS 3,4,6,8;
31 N2SE;
Toole 274.012 AC
Stipulations: Standard, GP-135,
Form 3109-1

03-02-04 PD
T. 30 N, R. 2 E, PMM - MT
sec. 19 LOTS 1,2,3,5,9;
19 NE,E2NW,NESW,N2SE;
19 BED MARIAS RVR RIPAR TO
LOTS 1,2,3; 1/
19 BED MARIAS RVR RIPAR TO
LOTS 5,9; 1/
30 LOTS 1-8 INCL;
30 S2NE,SENE,E2SW,SE;
30 BED MARIAS RVR RIPAR TO
LOTS 1-5 INCL; 1/
Toole 1136.54 AC
Stipulations: Standard, GP-135,
Form 3109-1

03-02-05 PD
T. 34 N, R. 2 E, PMM - MT
sec. 13 N2SW,E2SE;
35 SW;
Toole 320.00 AC
Stipulation: Standard

EXPLANATION 1/, 2/, 3/ SEE PAGE 9

03-02-06 PD
T. 35 N, R. 2 E, PMM, MT
sec. 1 LOTS 1,2;
1 S2N2,SE;
12 NWNE,E2NW,SW,NESE;
13 W2NE,NW,W2SW;
Toole 1040.20 AC
Stipulation: Standard

03-02-07 PD
T. 35 N, R. 2 E, PMM, MT
sec. 11 W2NE;
14 S2NE;
T. 35 N, R. 3 E, PMM, MT PD
sec. 7 LOT 3;
7 S2NE, SENW, E2SW, NESE,
W2SE;
Toole 513.79 AC
Stipulation: Standard

03-02-08 PD
T. 37 N, R. 8 E, PMM, MT
sec. 1 N2SW;
2 S2NE, SE;
11 N2, E2SE;
14 N2SW;
23 NWSW, E2SE;
24 N2;
27 S2NE;
Hill 1320.00 AC
Stipulation: Standard

03-02-09 PD
T. 37 N, R. 9 E, PMM, MT
sec. 17 NE;
19 LOTS 1, 2, 3;
19 SENW, E2SW, SWSE;
30 E2NW, NESW, N2SE;
Hill 640.07 AC
Stipulation: Standard

03-02-10 PD
T. 37 N, R. 10 E, PMM, MT
sec. 13 SW, W2SE;
23 S2N2;
24 N2, N2SE, SESE;
Hill 840.00 AC
Stipulations: Standard, GP-135,
Form 3109-1

03-02-11 PD
T. 36 N, R. 11 E, PMM, MT
sec. 3 LOTS 4-11 INCL;
3 SENW, NESW, N2SE;
10 LOTS 1-5 INCL;
10 SWNE, E2W2, SWSW, W2SE;
11 LOTS 1, 2, 3, 4;
11 E2W2, SE;
12 N2S2, SESE;
13 LOTS 1, 3-8 INCL;
13 N2S2, SESE;
14 LOTS 1-7 INCL;
14 N2SE;
15 LOT 1;
Hill 2269.27 AC
Stipulations: Standard, GP-135,
Form 3109-1

03-02-12 PD
T. 37 N, R. 11 E, PMM, MT
sec. 19 LOTS 1, 3, 4, 5;
19 SESE;
29 LOTS 1-8 INCL;
29 SWNE, S2NW, NWSW;
30 LOTS 1, 2, 3, 5, 6, 7, 8, 12,
13, 14;
30 SENE, NESE;
32 LOTS 1, 2, 3;
32 SWNE, N2NW, E2SE;
33 LOTS 1-7 INCL;
33 NENW;
Hill 1418.92 AC
Stipulations: Standard, GP-135,
Form 3109-1

03-02-13 PD
T. 36 N, R. 12 E, PMM, MT
sec. 7 LOT 4;
14 E2NW, NESW;
18 LOTS 1, 2, 3, 4, 8, 9, 10;
18 SWNE, NENW, N2SE;
19 LOTS 1, 2, 4-9 INCL, 11,
12;
19 SENW, NESW;
22 E2;
Hill 1210.67 AC
Stipulations: Standard, GP-135,
Form 3109-1

03-02-14 PD
T. 37 N, R. 12 E, PMM, MT
sec. 7 SESW, SE;
18 N2NE, SENE;
Hill 320.00 AC
Stipulation: Standard

03-02-15 PD
T. 36 N, R. 14 E, PMM - MT
sec. 7 LOTS 3,4;
7 E2SW,SE;
8 S2;
20 NENE;
23 E2NE,W2NW,S2;
Hill 1147.88 AC
Stipulation: Standard

03-02-16 PD
T. 26 N, R. 18 E, PMM, MT
sec. 34 W2NW,NWSW,SESW,S2SE;
Blaine 240.00 AC
Stipulation: Standard

03-02-17 ACQ
T. 33 N, R. 38 E, PMM, MT
sec. 1 LOTS 1,2,3,4;
1 S2N2,N2S2,SESW,SWSE;
2 LOTS 1,2,3;
2 S2N2,NWSW,NESE;
10 SW,S2SE;
11 SWSW;
12 S2SW;
Valley 1278.05 AC
Stipulation: Standard

03-02-18 PD
T. 33 N, R. 38 E, PMM, MT
sec. 1 SESE;
3 S2NE,NESE;
9 SESE;
12 E2,NENW,S2NW,N2SW;
Valley 720.00 AC
Stipulations: Standard, Lease
Notice

03-02-19 ACQ
T. 33 N, R. 38 E, PMM, MT
sec. 13 N2,NESE,S2SE;
14 W2W2;
15 ALL;
22 SESE;
23 W2;
Valley 1600.00 AC
Stipulation: Standard

03-02-20 PD
T. 33 N, R. 38 E, PMM, MT
sec. 14 NENE;
20 SENE,E2SE;
21 ALL;
22 N2,SW,N2SE,SWSE;
24 E2;
Valley 1720.00 AC
Stipulation: Standard

03-02-21 ACQ
T. 33 N, R. 38 E, PMM, MT
sec. 20 SWSE;
Valley 40.00 AC
Stipulation: Standard

03-02-22 PD
T. 33 N, R. 38 E, PMM, MT
sec. 25 N2SE;
26 NENW;
27 W2NW,NWSW;
28 ALL;
29 NENE,S2NE,SE;
Valley 1160.00 AC
Stipulation: Standard

03-02-23 ACQ
T. 33 N, R. 38 E, PMM, MT
sec. 26 W2NW;
27 NE,E2W2,SWSW,W2SE;
29 NWNE,E2NW,NESW;
Valley 680.00 AC
Stipulation: Standard

03-02-24 PD
T. 33 N, R. 38 E, PMM, MT
sec. 32 NE;
33 N2NE,SWNE,NW,NESW,
N2SE,SESE;
34 S2SW;
35 S2SW;
Valley 760.00 AC
Stipulation: Standard

03-02-25 ACQ
T. 33 N, R. 38 E, PMM, MT
sec. 32 SESW,SE;
33 SENE,NWSW,S2SW,SWSE;
34 NWNE,S2NE,NW,N2SW,SE;
35 S2N2,N2SW,SE;
Valley 1320.00 AC
Stipulation: Standard

03-02-26 PD
T. 32 N, R. 39 E, PMM, MT
sec. 5 LOTS 2-7 INCL, 10,11,
12;
5 N2SW,SESW;
6 LOTS 1,2,3,4,7,8,9,10;
6 NESW,N2SE,SWSE;
7 LOTS 3,4;
7 W2E2;
8 NW,NWSW;
18 LOTS 1,2;
18 N2NE,SWNE,E2W2,SE;
Valley 1763.55 AC
Stipulation: Standard

03-02-27 ACQ
T. 32 N, R. 39 E, PMM, MT
sec. 5 SWSW;
6 SESE;
7 E2E2;
8 SWSW;
18 LOTS 3,4;
18 SENE;
Valley 402.07 AC
Stipulation: Standard

03-02-28 ACQ
T. 32 N, R. 39 E, PMM, MT
sec. 11 E2SW,SE;
13 N2N2,SENE;
14 NENE,W2E2;
Valley 640.00 AC
Stipulation: Standard

03-02-29 PD
T. 32 N, R. 39 E, PMM, MT
sec. 13 S2S2;
14 SENE,SESE;
Valley 240.00 AC
Stipulation: Standard

03-02-30 PD
T. 33 N, R. 39 E, PMM, MT
sec. 1 NE,E2NW,NESW,N2SE,
SESE;
11 LOTS 6,7;
12 LOTS 6-10 INCL;
Valley 428.08 AC
Stipulation: Standard

03-02-31 ACQ
T. 33 N, R. 39 E, PMM, MT
sec. 1 W2W2,SESW,SWSE;
2 E2,E2NW;
Valley 640.00 AC
Stipulation: Standard

03-02-32 ACQ
T. 33 N, R. 39 E, PMM, MT
sec. 5 NW;
6 LOTS 7-12 INCL;
6 SE;
7 LOTS 1-7 INCL, 10,11,
12;
7 SE;
8 NE;
Valley 1262.52 AC
Stipulation: Standard

03-02-33 PD
T. 33 N, R. 39 E, PMM, MT
sec. 7 LOTS 8,9;
7 NE;
8 NW,S2;
Valley 716.71 AC
Stipulation: Standard

03-02-34 PD
T. 33 N, R. 39 E, PMM, MT
sec. 17 N2,SW;
18 LOTS 7,8,12,
18 E2NE,SE;
Valley 840.00 AC
Stipulation: Standard

03-02-35 ACQ
T. 33 N, R. 39 E, PMM, MT
sec. 18 LOTS 1-6 INCL, 9,10,11;
18 W2NE;
19 LOTS 2,3;
Valley 505.65 AC
Stipulation: Standard

03-02-36 PD
T. 33 N, R. 39 E, PMM, MT
sec. 32 LOTS 2,3;
34 LOTS 1,2,3,4;
35 LOTS 1,2,3,4;
Valley 262.48 AC
Stipulation: Standard

03-02-37 PD
T. 32 N, R. 40 E, PMM, MT
sec. 5 LOTS 3,4,5,6,11,12;
5 NWSE,S2SE;
6 LOTS 1,2,7,8,9,10;
Valley 503.34 AC
Stipulation: Standard

03-02-38 ACQ
T. 32 N, R. 40 E, PMM, MT
sec. 18 W2;
Valley 320.00 AC
Stipulation: Standard

03-02-39 PD
T. 33 N, R. 40 E, PMM, MT
sec. 4 LOTS 1,2,3,4;
4 S2N2,S2;
5 LOTS 1,2,3,4;
5 S2N2,S2;
7 LOTS 8,9,10,11;
Valley 1296.71 AC
Stipulation: Standard

03-02-40 PD
T. 30 N, R. 1 W, PMM, MT
sec. 13 SE;
21 NWNW,NESE;
22 NWSW,S2S2;
23 NE,S2;
24 N2,SW,N2SE;
Toole 160.00 AC
Pondera 1320.00 AC
Stipulation: Standard

03-02-41 PD
T. 31 N, R. 1 W, PMM, MT
sec. 35 LOT 2;
Toole 10.560 AC
Stipulations: Standard, GP-135,
Form 3109-1

03-02-42 PD
T. 8 S, R. 57 E, PMM, MT
sec. 35 185.6 ACRES IN E2 IN
RSVR ROW MTM 014079,
8.63 ACRES IN N2NW IN
RSVR ROW MTM 014079,
81.31 ACRES IN SW IN
RSVR ROW MTM 014079;
Carter 275.54 AC
Stipulations: CSU, Timing

NORTH DAKOTA

03-02-43 ACQ
T. 152 N, R. 88 W, 5th PM, ND
sec. 3 SW;
13 SE;
Mountrail 320.00 AC
50% U.S. MINERAL INTEREST 2/
Stipulations: Standard, NSO-14,
Timing-5

03-02-44 PD
T. 144 N, R. 100 W, 5th PM, ND
sec. 4 SENE;
28 NENE,W2W2,NESW;
Billings 280.00 AC
Stipulations: R1-FS-2820-13c,18
NSO-1,2, Timing-1

03-02-45 ACQ
T. 144 N, R. 100 W, 5th PM, ND
sec. 10 SW;
22 S2NE,NW;
Billings 400.00 AC
Stipulations: R1-FS-2820-13c,18
NSO-1,2,3, Timing-1

03-02-46 ACQ
T. 144 N, R. 100 W, 5th PM, ND
sec. 32 E2;
33 ALL;
34 ALL;
Billings 1600.00 AC
Stipulations: R1-FS-2820-13c,18
NSO-1,2

03-02-47 ACQ
T. 143 N, R. 101 W, 5th PM, ND
sec. 1 S2S2;
2 LOTS 1,2,3,4;
2 S2N2,SW;
3 LOTS 1,2;
3 S2NE,E2SE;
Billings 879.64 AC
Stipulations: R1-FS-2820-13c,18
NSO-1,2

03-02-48 PD
T. 143 N, R. 101 W, 5th PM, ND
sec. 2 SE;
12 N2;
Billings 480.00 AC
Stipulations: R1-FS-2820-13c,18
NSO-1,2

03-02-49 ACQ
T. 143 N, R. 101 W, 5th PM, ND
sec. 11 ALL;
12 S2;
Billings 960.00 AC
Stipulations: R1-FS-2820-13c,18
NSO-1,2,3, Timing-1

03-02-50 PD
T. 143 N, R. 101 W, 5TH PM, ND
sec. 26 E2;
Billings 320.00 AC
Stipulations: R1-FS-2820-13c,18
NSO-1,2

03-02-51 ACQ
T. 144 N, R. 101 W, 5th PM, ND
sec. 26 NE,N2NW,SENE,E2SW,N2SE,
SWSE;
35 ALL;
Billings 1120.00 AC
Stipulations: R1-FS-2820-NSO-1,2,
Split Estate 3/

03-02-52 PD
T. 144 N, R. 101 W, 5th PM, ND
sec. 26 SWNW,W2SW,SESE;
Billings 160.00 AC
Stipulations: R1-FS-2820-13c,18
NSO-1,2

03-02-53 ACQ
T. 146 N, R. 103 W, 5th PM, ND
sec. 2 LOTS 2,3,4;
2 SWNE,S2NW,SW;
4 LOTS 1,2,3,4;
4 S2N2,S2;
McKenzie 1040.89 AC
Stipulations: R1-FS-2820-NSO-1,2
Split Estate 3/

03-02-54 ACQ
T. 146 N, R. 103 W, 5TH PM, ND
sec. 6 LOTS 1-7 INCL;
6 S2NE,SENE,E2SW;
McKenzie 420.94 AC
Stipulations: R1-FS-2820-13c,18,
NSO-1, Timing-1

03-02-55 ACQ
T. 146 N, R. 103 W, 5TH PM, ND
sec. 10 E2;
14 W2;
McKenzie 640.00 AC
Stipulations: R1-FS-2820-13c,18,
NSO-1,2,4, Timing-2

03-02-56 ACQ
T. 146 N, R. 103 W, 5TH PM, ND
sec. 22 ALL;
26 N2N2,SENE,SWNW,NWSW,
NESE;
McKenzie 960.00 AC
Stipulations: R1-FS-2820-13c,18,
NSO-1,2,3, Timing-1

03-02-57 PD
T. 146 N, R. 103 W, 5TH PM, ND
sec. 26 SENW,NESW,S2SW;
28 SENW,SWSW;
McKenzie 240.00 AC
Stipulations: R1-FS-2820-13c,18,
NSO-1,3, Timing-1

03-02-58 ACQ
T. 148 N, R. 104 W, 5TH PM, ND
sec. 14 S2S2;
McKenzie 160.00 AC
Stipulations: Split Estate 3/

03-02-59 ACQ
T. 149 N, R. 104 W, 5TH PM, ND
sec. 12 S2S2;
14 SWNE,NW;
McKenzie 360.00 AC
Stipulations: R1-FS-2820-13c,18,
NSO-1,2, Split Estate 3/

03-02-60 PD
T. 149 N, R. 104 W, 5TH PM, ND
sec. 24 SESW;
25 N2NW,SW,NWSE,S2SE;
McKenzie 400.00 AC
Stipulations: R1-FS-2820-13c,18,
NSO-1,2

03-02-61 ACQ
T. 150 N, R. 104 W, 5TH PM, ND
sec. 21 LOT 1;
McKenzie 32.00 AC
Stipulations: Split Estate 3/

03-02-62 PD
T. 147 N, R. 105 W, 5TH PM, ND
sec. 10 LOTS 1,2,3,4;
10 E2E2;
12 E2SE;
22 LOTS 1,2,3,4;
22 E2E2;
26 NENE,NWSW,S2SW;
34 SESE;
McKenzie 960.64 AC
Stipulations: R1-FS-2820-13c,18,
NSO-1,2

03-02-63 ACQ
T. 147 N, R. 105 W, 5TH PM, ND
sec. 12 W2SE;
24 ALL;
25 ALL;
McKenzie 1360.00 AC
Stipulations: R1-FS-2820-13c,18
NSO-2

STATISTICS

Total Parcels: 63
Total Acreage: 49,200.915
**Total Number of Parcels
with Presale Offers:** 0
**Number of Presale Offers
filed:** 0

FOOTNOTES

- 1**/ The exact metes and bounds description will be made a part of any lease issued for these lands.
- 2**/ These parcels have fractional interests. Rentals are payable on total acres; royalties are payable on fractional interest.
- 3**/ All or part of the lands are split estate with title to the mineral estate held by the United States. Due to this status, the mineral estate is administered by the Bureau of Land Management (BLM). Permits and approvals will be issued by the authorized BLM Officer. A notice will be attached at lease issuance. This notice will include legal descriptions and information for filing APDs.

UNITED STATES DEPARTMENT OF THE INTERIOR
Bureau of Land Management
P. O. Box 36800
Billings, Montana 59107

OIL AND GAS LEASE STIPULATIONS

ESTHETICS--To maintain esthetic values, all surface-disturbing activities, semipermanent and permanent facilities may require special design including location, painting and camouflage to blend with the natural surroundings and meet the intent of the visual quality objectives of the Federal Surface Managing Agency (SMA).

EROSION CONTROL--Surface-disturbing activities may be prohibited during muddy and/or wet soil periods.

CONTROLLED OR LIMITED SURFACE USE STIPULATION --This stipulation may be modified, consistent with land use documents, when specifically approved in writing by the Bureau of Land Management (BLM) with concurrence of the SMA. Distances and/or time periods may be made less restrictive depending on the actual onground conditions. The prospective lessee should contact the SMA for more specific locations and information regarding the restrictive nature of this stipulation.

The lessee/operator is given notice that the lands within this lease may include special areas and that such areas may contain special values, may be needed for special purposes, or may require special attention to prevent damage to surface and/or other resources. Possible special areas are identified below. Any surface use or occupancy within such special areas will be strictly controlled, or **if absolutely necessary**, excluded. Use or occupancy will be restricted only when the BLM and/or the SMA demonstrates the restriction necessary for the protection of such special areas and existing or planned uses. Appropriate modifications to imposed restrictions will be made for the maintenance and operations of producing oil and gas wells.

After the SMA has been advised of specific proposed surface use or occupancy on the leased lands, and on request of the lessee/operator, the Agency will furnish further data on any special areas which may include:

100 feet from the edge of the rights-of-way from highways, designated county roads and appropriate federally-owned or controlled roads and recreation trails.

500 feet, or when necessary, within the 25-year flood plain from reservoirs, lakes, and ponds and intermittent, ephemeral or small perennial streams: 1,000 feet, or when necessary, within the 100-year flood plain from larger perennial streams, rivers, and domestic water supplies.

500 feet from grouse strutting grounds. Special care to avoid nesting areas associated with strutting grounds will be necessary during the period from March 1, to June 30. One-fourth mile from identified essential habitat of state and federal sensitive species. Crucial wildlife winter ranges during the period from December 1 to May 15, and in elk calving areas during the period from May 1 to June 30.

300 feet from occupied buildings, developed recreational areas, undeveloped recreational areas receiving concentrated public use and sites eligible for or designated as National Register sites.

Seasonal road closures, roads for special uses, specified roads during heavy traffic periods and on areas having restrictive off-road vehicle designations.

On slopes over 30 percent or 20 percent on extremely erodable or slumping soils.

Standard(September 1998)

See Notice on Back

NOTICE

APPLICATIONS FOR PERMIT TO DRILL (APDs)--The BLM district or resource area offices are responsible for the receipt, processing, and approval of APDs. The APDs are to be submitted by oil and gas operators pursuant to the requirements found in Onshore Oil and Gas Order No. 1 -- Approval of Operations on Onshore Federal and Indian Oil and Gas Leases (Circular No. 2538). Additional requirements for the conduct of oil and gas operations on federal oil and gas leases can be found in Code of Federal Regulations Title 43, Part 3160. Copies of Onshore Oil and Gas Order No. 1, and pertinent regulations, can be obtained from the BLM district offices in which the operations are proposed. Early coordination with these offices on proposals is encouraged.

CULTURAL AND PALEONTOLOGICAL RESOURCES--The SMA is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the SMA, shall:

1. Contact the appropriate SMA to determine if a site-specific cultural resource inventory is required. If an inventory is required, then:
2. Engage the services of a cultural resource specialist acceptable to the SMA to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the SMA for review and approval no later than that time when an otherwise complete application for approval of drilling or subsequent surface-disturbing operation is submitted.
3. Implement mitigation measures required by the SMA. Mitigation may include the relocation of proposed lease-related activities or other protective measures such as testing salvage and recordation. Where impacts to cultural resources cannot be mitigated to the satisfaction of the SMA, surface occupancy on that area must be prohibited.

The lessee or operator shall immediately bring to the attention of the SMA any cultural or paleontological resources discovered as a result of approved operations under this lease, and not disturb such discoveries until directed to proceed by the SMA.

ENDANGERED OR THREATENED SPECIES--The SMA is responsible for assuring that the leased land is examined prior to undertaking any surface-disturbing activities to determine effects upon any plant or animal species, listed or proposed for listing as endangered or threatened, or their habitats. The findings of this examination may result in some restrictions to the operator's plans or even disallow use and occupancy that would be in violation of the Endangered Species Act of 1973 by detrimentally affecting endangered or threatened species or their habitats.

The lessee/operator may, unless notified by the authorized officer of the SMA that the examination is not necessary, conduct the examination on the leased lands at his discretion and cost. This examination must be done by or under the supervision of a qualified resources specialist approved by the SMA. An acceptable report must be provided to the SMA identifying the anticipated effects of a proposed action on endangered or threatened species or their habitats.

GP-135
(02/91)

SPECIAL STIPULATION - BUREAU OF RECLAMATION

To avoid interference with recreation development and/or impacts to fish and wildlife habitat and to assist in preventing damage to any Bureau of Reclamation dams, reservoirs, canals, ditches, laterals, tunnels, and related facilities, and contamination of the water supply therein, the lessee agrees that the following conditions shall apply to all exploration and developmental activities and other operation of the works thereafter on lands covered by this lease:

1. Prior to commencement of any surface-disturbing work including drilling, access road work, and well location construction, a surface use and operations plan will be filed with the appropriate officials. A copy of this plan will be furnished to the Regional Director, Great Plains Region, Bureau of Reclamation, P.O. Box 36900, Billings, MT 59107-6900, for review and consent prior to approval of the plan. Such approval will be conditioned on reasonable requirements needed to prevent soil erosion, water pollution, and unnecessary damages to the surface vegetation and other resources, including cultural resources, of the United States, its lessees, permittees, or licensees, and to provide for the restoration of the land surface and vegetation. The plan shall contain provisions as the Bureau of Reclamation may deem necessary to maintain proper management of the water, recreation, lands structures, and resources, including cultural resources, within the prospecting drilling, or construction area.

Drilling sites for all wells and associated investigations such as seismograph work shall be included in the above-mentioned surface use and operation plan.

If later explorations require departure from or additions to the approved plan, these revisions or amendments, together with a justification statement for proposed revisions, will be submitted for approval to the Regional Director, Great Plains Region, Bureau of Reclamation, or his authorized representative.

Any operations conducted in advance of approval of an original, revised, or amended prospecting plan, or which are not in accordance with an approved plan constitute a violation of the terms of this lease. The Bureau of Reclamation reserves the right to close down operations until such corrective action, as is deemed necessary, is taken by the lessee.

2. No occupancy of the surface of the following excluded areas is authorized by this lease. It is understood and agreed that the use of these areas for Bureau of Reclamation purposes is superior to any other use. The following restrictions apply only to mineral tracts located within the boundary of a Bureau of Reclamation project where the United States owns 100 percent of the fee mineral interest.

a. Within 500 feet on either side of the centerline of any and all roads or highways within the leased area.

b. Within 200 feet on either side of the centerline of any and all trails within the leased area.

c. Within 500 feet of the normal high-water line of any and all live streams in the leased area.

03-02-01	03-02-04	03-02-12
03-02-02	03-02-10	03-02-13
03-02-03	03-02-11	03-02-41

d. Within 400 feet of any and all recreation developments within the leased area.

e. Within 400 feet of any improvements either owned, permitted, leased, or otherwise authorized by the Bureau of Reclamation within the leased area.

f. Within 200 feet of established crop fields, food plots, and tree/shrub plantings within the leased area.

g. Within 200 feet of slopes steeper than a 2:1 gradient within the leased area.

h. Within established rights-of-way of canals, laterals, and drainage ditches within the leased area.

i. Within a minimum of 500 feet horizontal from the centerline of the facility or 50 feet from the outside toe of the canal, lateral, or drain embankment, whichever distance is greater, for irrigation facilities without clearly marked rights-of-way within the leased area.

j. Providing that appropriate environmental compliance measures can be ensured, and providing further that Reclamation project works and other public interests can be protected, Reclamation may consider, on a case-by-case basis, waiving the requirement specified in Section 2 hereof. HOWEVER, LESSEES ARE ADVISED THAT OBTAINING SUCH A WAIVER CAN BE A DIFFICULT, TIME CONSUMING, AND COSTLY PROCESS WITH NO GUARANTEE THAT RECLAMATION WILL GRANT THE REQUESTED WAIVER.

3. No occupancy of the surface or surface drilling will be allowed in the following areas. In addition to, no directional drilling will be allowed that would intersect the subsurface zones delineated by a vertical plane in these areas. The following restrictions apply only to mineral tracts located within the boundary of a Bureau of Reclamation project where the United States owns 100% of the fee mineral interest.

a. Within 1,000 feet of the maximum water surface, as defined in the Standard Operating Procedures (SOP), of any reservoirs and related facilities located within the leased area.

b. Within 2,000 feet of dam embankments and appurtenance structures such as spillway structures, outlet works, etc.

c. Within one-half (1/2) mile horizontal from the centerline of any tunnel within the leased area.

d. Providing that appropriate environmental compliance measures can be ensured, and providing further that Reclamation project works and other public interests can be protected. Reclamation may consider, on a case-by-case basis, waiving the requirements specified in Section 3 hereof. HOWEVER, LESSEES ARE ADVISED THAT OBTAINING SUCH A WAIVER CAN BE A DIFFICULT, TIME CONSUMING, AND COSTLY PROCESS WITH NO GUARANTEE THAT RECLAMATION WILL GRANT THE REQUESTED WAIVER.

4. The distances stated in items 2 and 3 above are intended to be general indicators only. The Bureau of Reclamation reserves the right to revise these distances as needed to protect Bureau of Reclamation facilities.

5. The use of explosives in any manner shall be so controlled that the works and facilities of the United States, its successors and assigns, will in no way be endangered or damaged. In this connection, an explosives use plan shall be submitted to and approved by the Regional Director, Great Plains Region, Bureau of Reclamation, or his authorized representative.

6. The lessee shall be liable for all damage to the property of the United States, its successors and assigns, resulting from the exploration, development, or operation of the works contemplated by this lease, and shall further hold the United States, its successors and assigns, and its officers, agents, and employees, harmless from all claims of third parties for injury or damage sustained or in any way resulting from the exercise of the rights and privileges conferred by this lease.

7. The lessee shall be liable for all damage to crops or improvements of any entryman, nonmineral applicant, or patentee, their successors and assigns, caused by or resulting from the drilling or other operations of the lessee, including reimbursement of any entryman or patentee, their successors and assigns, for all construction, operation, and maintenance charges becoming due on any portion of their said lands damaged as a result of the drilling or other operations of the lessee.

8. In addition to any other bond required under the provisions of this lease, the lessee shall provide such bond as the United States may at any time require for damages which may arise under the liability provisions of sections six (6) and seven (7) above.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

LEASE STIPULATIONS
BUREAU OF RECLAMATION

The lessee agrees to maintain, if required by the lessor during the period of this lease, including any extension thereof, an additional bond with qualified sureties in such sum as the lessor, if it considers that the bond required under Section 2(a) is insufficient, may at any time require:

(a) to pay for damages sustained by any reclamation homestead entryman to his crops or improvements caused by drilling or other operations of the lessee, such damages to include the reimbursement of the entryman by the lessee, when he uses or occupies the land of any homestead entryman, for all construction and operation and maintenance charges becoming due during such use or occupation upon any portion of the land so used and occupied;

(b) to pay any damage caused to any reclamation project or water supply thereof by the lessee's failure to comply fully with the requirements of this lease; and

(c) to recompense any nonmineral applicant, entryman, purchaser under the Act of May 16, 1930 (46 Stat. 367), or patentee for all damages to crops or to tangible improvements caused by drilling or other prospecting operation, where any of the lands covered by this lease are embraced in any nonmineral application, entry, or patent under rights initiated prior to the date of this lease, with a reservation of the oil deposits, to the United States pursuant to the Act of July 17, 1914 (38 Stat. 509).

As to any lands covered by this lease within the area of any Government reclamation project, or in proximity thereto, the lessee shall take such precautions as required by the irrigation under such project or to the water supply thereof; *provided* that drilling is prohibited on any constructed works or right-of-way of the Bureau of Reclamation, and *provided, further*, that there is reserved to the lessor, its successors and assigns, the superior and prior right at all times to construct, operate, and maintain dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, appurtenant irrigation structures, and reclamation works, in which construction, operation, and maintenance, the lessor, its successors and assigns, shall have the right to use any or all of the lands herein described without making compensation therefor, and shall not be responsible for any damage from the presence of water thereon or on account of ordinary, extraordinary, unexpected, or unprecedented floods. That nothing shall be done under this lease to increase the cost of, or interfere in any manner with, the construction, operation, and maintenance of such works. It is agreed by the lessee that, if the construction of any or all of said dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone or telegraph lines, electric transmission lines, roadways, appurtenant irrigation structures or reclamation works across, over, or upon said lands should be made more expensive by reason of the existence of the improvements and workings of the lessee thereon, said additional expense is to be estimated by the Secretary of the Interior, whose estimate is to be final and binding

upon the parties hereto, and that within thirty (30) days after demand is made upon the lessee for payment of any such sums, the lessee will make payment thereof to the United States, or its successors, constructing such dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, appurtenant irrigation structures, or reclamation works, across, over, or upon said lands; *provided, however*, that subject to advance written approval by the United States, the location and course of any improvements or works and appurtenances may be changed by the lessee; *provided, further*, that the reservations, agreements, and conditions contained in the within lease shall be and remain applicable notwithstanding any change in the location or course of said improvements or works of lessee. The lessee further agrees that the United States, its officers, agents, and employees, and its successors and assigns shall not be held liable for any damage to the improvements or workings of the lessee resulting from the construction, operation, and maintenance of any of the works hereinabove enumerated. Nothing in this paragraph shall be construed as in any manner limiting other reservations in favor of the United States contained in this lease.

THE LESSEE FURTHER AGREES That there is reserved to the lessor, its successors and assigns, the prior right to use any of the lands herein leased, to construct, operate, and maintain dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, or appurtenant irrigation structures, and also the right to remove construction materials therefrom, without any payment made by the lessor or its successors for such right, with the agreement on the part of the lessee that if the construction of any or all of such dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, or appurtenant irrigation structures across, over, or upon said lands or the removal of construction materials therefrom, should be made more expensive by reason of the existence of improvements or workings of the lessee thereon, such additional expense is to be estimated by the Secretary of the Interior, whose estimate is to be final and binding upon the parties hereto, and that within thirty (30) days after demand is made upon the lessee for payment of any such sums, the lessee will make payment thereof to the United States or its successors constructing such dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, or appurtenant irrigation structures across, over, or upon said lands or removing construction materials therefrom. The lessee further agrees that the lessor, its officers, agents, and employees and its successors and assigns shall not be held liable for any damage to the improvements or workings of the lessee resulting from the construction, operation, and maintenance of any of the works herein above enumerated. Nothing contained in this paragraph shall be construed as in any manner limiting other reservations in favor of the lessor contained in this lease.

(continued on reverse)

To insure against the contamination of the waters of the _____Reservoir,
_____ Project, State of _____, the lessee agrees that
the following further conditions shall apply to all drilling and operations on lands covered by this lease, which
lie within the flowage or drainage area of the_____Reservoir, as such area
is defined by the Bureau of Reclamation:

1. The drilling sites for any and all wells shall be approved by the Superintendent,
Bureau of Reclamation, _____Project, _____before
drilling begins. Sites for the construction of pipe-line rights-of-way or other authorized facilities shall also be
approved by the Superintendent before construction begins.

2. All drilling or operation methods or equipment shall, before their employment, be
inspected and approved by the Superintendent of the_____Project,
_____, and by the supervisor of the U.S. Geological Survey having jurisdiction over the area.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

POWERSITE STIPULATION

The lessee or permittee hereby agrees:

(a) If any of the land covered by this lease or permit was, on the date the lease or permit application or offer was filed, within a powersite classification, powersite reserve, waterpower designation, or project on which an application for a license or preliminary permit is pending before the Federal Energy Regulatory Commission or on which an effective license or preliminary permit had been issued by the Federal Energy Regulatory Commission under the Federal Power Act, or on which an authorized power project (other than one owned or operated by the Federal Government) had been constructed, the United States, its permittees or licensees shall have the prior right to use such land for purposes of power development so applied for, licensed, permitted, or authorized and no compensation shall accrue to the mineral lessee or permittee for loss of prospective profits or for damages to improvements or workings, or for any additional expense caused the mineral lessee as a result of the taking of said land for power development purposes. It is agreed, however, that where the mineral lessee or permittee can make adjustments of his improvements to avoid undue interference with power

development, he will be permitted to do so at his own expense. Furthermore, occupancy and use of the land by the mineral lessee or permittee shall be subject to such reasonable conditions with respect to the use of the land as may be prescribed by the Federal Energy Regulatory Commission for the protection of any improvements and workings constructed thereon for power development.

(b) If any of the land covered by this lease or permit is on the date of the lease or permit within a powersite classification, powersite reserve, or waterpower designation which is not governed by the preceding paragraph, the lease or permit is subject to the express condition that operations under it shall be so conducted as not to interfere with the administration and use of the land for powersite purposes to a greater extent than may be determined by the Secretary of the Interior to be necessary for the most beneficial use of the land. In any case, it is agreed that where the mineral lessee or permittee can make adjustments to avoid undue interference with power development, he will be permitted to do so at his own expense.

03-02-01

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
MONTANA STATE OFFICE

LEASE NOTICE

T 33 N, R 38 E, PMM, MT
sec. 12: NESE
Valley County

Land Use Authorizations incorporate specific surface land uses allowed on BLM administered lands by authorized officers and those surface uses acquired by BLM on lands administered by other entities. These BLM authorizations include rights-of-way, leases, permits, conservation easements, and Recreation and Public Purpose leases and patents.

The rights acquired, reserved, or withdrawn by BLM for specified purposes include non-oil and gas leases, conservation easements, archeological easements, road easements, fence easements, and administrative site withdrawals. The existence of such land use authorizations shall not preclude the leasing of the oil and gas. The locations of land use authorizations are noted on the oil and gas plats and in LR2000. The plats are a visual source noting location; LR2000 provides location by legal description through the Geographic Cross Reference program.

The specifically authorized acreage for land use should be avoided by oil and gas exploration and development activities. All authorized surface land uses are valid claims to prior existing rights unless the authorization states otherwise.

The right of the Secretary to issue future land use authorizations on an oil and gas lease is reserved by provision of Section 29 of the Mineral Leasing Act, 30 U.S.C.

03-02-18

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

Prior to surface disturbance on slopes over 30 percent, an engineering/reclamation plan must be approved by the authorized officer. Such plan must demonstrate how the following will be accomplished:

- Site productivity will be restored.
- Surface runoff will be adequately controlled.
- Off-site areas will be protected from accelerated erosion, such as rilling, gullyng, piping, and mass wasting.
- Water quality and quantity will be in conformance with state and federal water quality laws.
- Surface-disturbing activities will not be conducted during extended wet periods.
- Construction will not be allowed when soils are frozen.

On the lands described below:

<u>Parcel No.</u>	<u>Description of Lands</u>
03-02-42	T 8 S, R 57 E, PMM sec. 35: 185.6 ac. in E2 in RSVR ROW MT014079 8.63 ac. in N2NW in RSVR ROW MT014079 81.31 ac. in SW in RSVR ROW MT014079

For the purpose of:

To maintain soil productivity, provide necessary protection to prevent excessive soil erosion on steep slopes, and to avoid areas subject to slope failure, mass wasting, piping, or having excessive reclamation problems.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

CSU-1

TIMING LIMITATION STIPULATION

Surface use is prohibited from March 1 - August 1, within 1/2 mile of raptor nest sites which have been active within the past 2 years. This stipulation does not apply to the operation and maintenance of production facilities.

On the lands described below:

<u>Parcel No.</u>	<u>Description of Lands</u>
03-02-42	T 8 S, R 57 E, PMM sec. 35: 185.6 ac. in E2 in RSVR ROW MT014079 8.63 ac. in N2NW in RSVR ROW MT014079 81.31 ac. in SW in RSVR ROW MT014079

For the purpose of (reasons):

To protect nest sites of raptors which have been identified as species of special concern in Montana, North or South Dakota.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

TIMING-4

NOTICE FOR LANDS OF THE NATIONAL FOREST SYSTEM
UNDER JURISDICTION OF
DEPARTMENT OF AGRICULTURE

The permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of Interior in the permit. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of an exploration plan by the Secretary of the Interior, (2) uses of all existing improvements, such as forest development roads, within and outside the area permitted by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by an exploration plan approved by the Secretary of the Interior.

All matters related to this STIPULATION are to be addressed to:

District Ranger, Medora Ranger District
Dakota Prairie Grasslands
161 21st Street West
Dickinson, ND 58601-3135

who is the authorized representative of the Secretary of Agriculture.

CULTURAL AND PALEONTOLOGICAL RESOURCES - The FS is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the FS, shall:

1. Contact the FS to determine if a site-specific cultural resource inventory is required. If a survey is required, then:
2. Engage the services of a cultural resource specialist acceptable to the FS to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the FS for review and approval at the time a surface-disturbing plan of operation is submitted.
3. Implement mitigation measures required by the FS and the BLM to preserve or avoid destruction of cultural resource values. Mitigation may include relocation of proposed facilities, testing, salvage, and recordation or other protective measures. All costs of the inventory and mitigation will be borne by the lessee or operator, and all data and materials salvaged will remain under the jurisdiction of the U.S. Government as appropriate.

The lessee or operator shall immediately bring to the attention of the FS and the BLM any cultural or paleontological resources or any other objects of scientific interest discovered as a result of surface operations under this lease, and shall leave such discoveries intact until directed to proceed by the FS and the BLM.

FLOODPLAIN AND WETLANDS - The lessee is hereby notified that this lease may contain land within a riparian ecosystem. All activities within this area may be highly restricted in order to comply with Executive Order 11988 - *Floodplain Management* and Executive Order 11990 - *Protection of Wetlands*, in order to preserve and restore or enhance the natural and beneficial values served by floodplains and wetlands.

Riparian ecosystem, will be managed by the Forest Service to protect from conflicting uses in order to provide healthy, self-perpetuating plant and water communities that will have optimum diversity and density of understory and overstory vegetation. Occupancy and use of lands within riparian ecosystems proposed in a proposed Surface Use Plan of Operations will be considered in an environmental analysis done to identify the mitigation measures necessary to protect the riparian area. Special measures such as road design, well pad size and location or directional drilling, may be made part of the permit authorizing the activity.

USDA-Forest Service

R1-FS-2820-13c (10/92)

NOTICE FOR LANDS OF THE NATIONAL FOREST SYSTEM
UNDER JURISDICTION OF
DEPARTMENT OF AGRICULTURE

The permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of Interior in the permit. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of an exploration plan by the Secretary of the Interior, (2) uses of all existing improvements, such as forest development roads, within and outside the area permitted by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by an exploration plan approved by the Secretary of the Interior.

All matters related to this STIPULATION are to be addressed to:

District Ranger, McKenzie Ranger District
Dakota Prairie Grasslands
HC02, BOX 8
Watford City, ND 58854

who is the authorized representative of the Secretary of Agriculture.

CULTURAL AND PALEONTOLOGICAL RESOURCES - The FS is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the FS, shall:

1. Contact the FS to determine if a site-specific cultural resource inventory is required. If a survey is required, then:
2. Engage the services of a cultural resource specialist acceptable to the FS to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the FS for review and approval at the time a surface-disturbing plan of operation is submitted.
3. Implement mitigation measures required by the FS and the BLM to preserve or avoid destruction of cultural resource values. Mitigation may include relocation of proposed facilities, testing, salvage, and recordation or other protective measures. All costs of the inventory and mitigation will be borne by the lessee or operator, and all data and materials salvaged will remain under the jurisdiction of the U.S. Government as appropriate.

The lessee or operator shall immediately bring to the attention of the FS and the BLM any cultural or paleontological resources or any other objects of scientific interest discovered as a result of surface operations under this lease, and shall leave such discoveries intact until directed to proceed by the FS and the BLM.

FLOODPLAIN AND WETLANDS - The lessee is hereby notified that this lease may contain land within a riparian ecosystem. All activities within this area may be highly restricted in order to comply with Executive Order 11988 - *Floodplain Management* and Executive Order 11990 - *Protection of Wetlands*, in order to preserve and restore or enhance the natural and beneficial values served by floodplains and wetlands.

Riparian ecosystem, will be managed by the Forest Service to protect from conflicting uses in order to provide healthy, self-perpetuating plant and water communities that will have optimum diversity and density of understory and overstory vegetation. Occupancy and use of lands within riparian ecosystems proposed in a proposed Surface Use Plan of Operations will be considered in an environmental analysis done to identify the mitigation measures necessary to protect the riparian area. Special measures such as road design, well pad size and location or directional drilling, may be made part of the permit authorizing the activity.

USDA-Forest Service

R1-FS-2820-13c (10/92)

Serial No.

USDA-FOREST SERVICE
THREATENED, ENDANGERED, AND SENSITIVE
PLANT OR ANIMAL SPECIES LEASE NOTICE

The lease area may contain threatened and endangered species or habitat necessary for the continued existence of threatened, proposed and endangered species which are protected by the 1973 Endangered Species Act, as amended (50 CFR 402). The lease area may also contain habitat or species, listed as sensitive, which may require protective measures to prevent them from being listed as threatened or endangered or result in a loss of viability or biological diversity (36 CFR 219.19 or 219.26). A biological evaluation of the leased lands may be required prior to surface-disturbance to determine if threatened, endangered, or sensitive plant or animal species or their habitat are present and to identify needed mitigation measures. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator shall:

1. Contact the Forest Service to determine if a biological evaluation is required (FSM 2670.31-32). The Forest Service is responsible for ensuring that the leased land is examined through a biological evaluation, prior to undertaking any surface-disturbing activities, to determine effects upon any plant or animal species listed or proposed for listing as threatened, endangered, or sensitive.
2. The lessee or operator may choose to conduct the evaluation on the leased lands at their discretion and cost. This biological evaluation must be done by or under the supervision of a qualified biologist/botanist approved by the Forest Service. An acceptable report must be provided to the Forest Service identifying the anticipated effects of a proposed action on threatened, endangered, or sensitive species. An acceptable biological evaluation is to be submitted to the Forest Service for review and approval no later than that time when an otherwise complete application for approval of drilling or subsequent surface-disturbing operation is submitted.
3. Implement mitigation measures required by the Forest Service. Mitigation may include the relocation of proposed lease-related activities or other protective measures. The findings of the biological evaluation may result in some restrictions to the operator's plans or even disallow use and occupancy to comply with the 1973 Endangered Species Act (as amended), threatened and endangered regulations and Forest Service regulations.

If threatened, endangered, or sensitive plant or animal species are discovered in the area after any required biological evaluation has concluded, an evaluation will be conducted to assess the effect of ongoing and proposed activities. Based on the conclusion drawn in the evaluation, additional restrictions or prohibitions may be imposed to protect the species or their habitats.

USDA-Forest Service

R1-FS-2820-18 (10/92)

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy (NSO) or use would be allowed within 200 feet of wetlands, lakes, and ponds on the lands described below (legal subdivision or other description).

<u>Parcel No.</u>	<u>Description of Lands</u>
03-02-43	T 152 N, R. 88 W. 5th PM Sec. 3: W2SW 13: W2SE

For the purpose of:

Protection of wetlands (NDRMP - p. 20).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

NSO-14

TIMING LIMITATION STIPULATION

Surface occupancy or use would be subject to the following special operating constraint: No seismic exploration would be allowed within 500 feet of waterfowl nesting habitat during the following time period(s): between March 1 and July 1. This stipulation does not apply to operation and maintenance of production facilities.

On the lands described below:

<u>Parcel No.</u>	<u>Description of Lands</u>
03-02-43	T. 152 N, R. 88 W, 5th PM Sec. 3: W2SW 13: W2SE

For the purpose of (reasons):

Protection of nesting waterfowl (NDRMP - p. 20).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

Timing-5

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the lands described below (legal subdivision or other description).

<u>Parcel No.</u>	<u>Description of Lands</u>
03-02-44	T 144 N, R 100 W 5 th PM, ND Sec. 28: Portions of NENE,W2W2,NESW
03-02-45	T 144 N, R 100 W 5 th PM, ND Sec. 10: Portions of SW 22: Portions of S2N2
03-02-46	T 144 N, R 100 W 5 th PM, ND Sec. 32: Portions of NENE,S2NE,SE 33: Portions of SWNE,W2,W2SE 34: Portions of W2NE,E2NW,NESW
03-02-47	T 143 N, R 101 W, 5 th PM, ND Sec. 1: Portions of S2S2 2: Portions of Lots 1,3,4, S2N2, NESW,SWSW 3: Portions of Lot 1,S2NE,E2SE
03-02-48	T 143 N, R 101 W, 5 th PM, ND Sec. 2: Portions of SE 12: Portions of N2
03-02-49	T 143 N, R 101 W, 5 th PM, ND Sec. 11: Portions of All 12: Portions of S2
03-02-50	T 143 N, R 101 W, 5 th PM, ND Sec. 26: Portions of N2NE,SENE,SE
03-02-51	T 144 N, R 101 W, 5 th PM, ND Sec. 26: Portions of S2NE,N2NW,SENW, E2SW,N2SE,SWSE 35: Portions of NE,N2NW,SWNW,SW
03-02-52	T 144 N, R 101 W, 5 th PM, ND Sec. 26: SWNW, Portions of W2SW,SESE

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<u>Parcel No.</u>	<u>Description of Lands</u>
03-02-53	T 146 N, R 103 W, 5 th PM, ND Sec. 2: Portions of Lots 2,3,4, SWNE, W2SW,SESW 4: Portions of Lot 1, S2NE,SENW, NESW,S2SW,N2SE
03-02-54	T 146 N, R 103 W, 5 TH PM, ND Sec. 6: Portions of Lots 1,7, SENE
03-02-55	T 146 N, R 103 W, 5 th PM, ND Sec. 10: Portions of N2NE,SWSE 14: Portions of W2NW,SENW,NESW
03-02-56	T 146 N, R 103 W, 5 th PM, ND Sec. 22: Portions of SWNW,SW,SWSE 26: Portions of SENE,NWSW,NESE
03-02-57	T 146 N, R 103 W, 5 th PM, ND Sec. 26: Portions of S2SW
03-02-59	T 149 N, R 104 W, 5 TH PM, ND Sec. 14: Portions of SWNE,NW
03-02-60	T 149 N, R 104 W, 5 TH PM, ND Sec. 25: Portions of SW,W2SE,SESE
03-02-62	T 147 N, R 105 W 5 TH PM, ND Sec. 10: Portions of SESE 22: Portions of Lots 2,3,4, SENE,E2SE 26: Portions of W2SW

For the purpose of:

Avoidance of steep slopes exceeding 40 percent to protect fragile soils and avoid mass slope failure (Management Area B, Custer Forest Plan, page 46).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

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Page 2 of 2

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the lands described below (legal subdivision or other description).

<u>Parcel No.</u>	<u>Description of Lands</u>
03-02-44	T 144 N, R 100 W 5 th PM, ND Sec. 4: Portions of SENE Sec. 28: Portions of NENE,SWNW,W2SW,NESW
03-02-45	T 144 N, R 100 W 5 th PM, ND Sec. 10: Portions of NWSW,S2SW 22: Portions of S2NE,NW
03-02-46	T 144 N, R 100 W 5 th PM, ND Sec. 32: Portions of E2 33: Portions of N2,SW,N2SE,SWSE 34: Portions of W2NE,SENE,W2,SE
03-02-47	T 143 N, R 101 W, 5 th PM, ND Sec. 1: Portions of S2S2 2: Portions of Lots 2,3,4,S2N2,SW 3: Portions of Lots 1,2,S2NE,E2SE
03-02-48	T 143 N, R 101 W, 5 th PM, ND Sec. 2: Portions of SE 12: Portions of N2
03-02-49	T 143 N, R 101 W, 5 th PM, ND Sec. 11: Portions of All 12: Portions of S2
03-02-50	T 143 N, R 101 W, 5 th PM, ND Sec. 26: Portions of SE
03-02-51	T 144 N, R 101 W, 5 TH PM, ND Sec. 26: Portions of 35: Portions of SWNE,S2NW,S2
03-02-52	T 144 N, R 101 W, 5 th PM, ND Sec. 26: Portions of SWNW
03-02-53	T 146 N, R 103 W, 5 TH PM, ND Sec. 2: Portions of SWNE,S2NW,NESW

NE,NENW,SENE,N2SE,SWSE

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Page 1 of 2

<u>Parcel No.</u>	<u>Description of Lands</u>
03-02-55	T 146 N, R 103 W, 5 TH PM, ND Sec. 10: Portions of NWNE,SENE,NESE 14: Portions of NW
03-02-56	T 146 N, R 103 W, 5 th PM, ND Sec. 26: Portions of NWNE,NENW
03-02-59	T 149 N, R 104 W, 5 TH PM, ND Sec. 14: Portions of E2NW
03-02-60	T 149 N, R 104 W, 5 TH PM, ND Sec. 24: Portions of SESW 25: Portions of N2NW,E2SW,SESE
03-02-62	T 147 N, R 105 W, 5 th PM, ND Sec. 10: Portions of SENE 26: Portions of SESW
03-02-63	T 147 N, R 105 W, 5 th PM, ND Sec. 24: Portions of W2NE,E2NW 25: Portions of SWSW

For the purpose of:

To meet the goals and management standards for woody draws (Management Area N, Custer Forest Plan, pages 83-84, as amended); to provide healthy, self-perpetuating plant communities that will have optimum diversity and density of understory and overstory vegetation.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

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Page 2 of 2

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the lands described below (legal subdivision or other description).

<u>Parcel No.</u>	<u>Description of Lands</u>
03-02-45	T 144 N, R 100 W 5 th PM, ND Sec. 22: Portions of S2NW
03-02-49	T 143 N, R 101 W, 5 th PM, ND Sec. 11: Portions of SWNW, W2SW
03-02-56	T 146 N, R 103 W, 5 th PM, ND Sec. 26: Portions of NWSW
03-02-57	T 146 N, R 103 W, 5 th PM, ND Sec. 26: S2SW; portions of NESW

For the purpose of:

To maintain the 1/4 mile no disturbance zone around Golden Eagle nests (Custer Forest Plan, page 19).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

R1-FS-NSO-3

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the lands described below (legal subdivision or other description).

<u>Parcel No.</u>	<u>Description of Lands</u>
03-02-55	T 146 N, R 103 W, 5 TH PM, ND Sec. 10: Portions of W2SE

For the purpose of:

To protect the integrity of prairie dog towns for predator and other species use, including potential future release sites for the black-footed ferret (Custer Forest Plan, pages 18 and 46).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

R1-FS-NSO-4

TIMING LIMITATION STIPULATION

No surface use is allowed during the following time period(s). This stipulation does not apply to operation and maintenance of production facilities.

February 15 to May 1 (inactive nests)
February 15 to July 15 (active nests)

On the lands described below:

<u>Parcel No.</u>	<u>Description of Lands</u>
03-02-44	T 144 N, R 100 W, 5 th PM, ND Sec. 28: Portions of NENE,NWNW
03-02-45	T 144 N, R 100 W 5 th PM, ND Sec. 22: Portions of NW,SWNE
03-02-49	T 143 N, R 101 W, 5 th PM, ND Sec. 11: Portions of NWNW,S2NW,SW
03-02-54	T 146 N, R 103 W, 5 TH PM, ND Sec. 6: Portions of SESW
03-02-56	T 146 N, R 103 W, 5 th PM, ND Sec. 26: Portions of SWNW,NWSW
03-02-57	T 146 N, R 103 W, 5 th PM, ND Sec. 26: Portions of SENW,NESW

For the purpose of:

Minimizing disturbance of the lands within 1/2 mile of the Golden Eagle nests during the critical nesting season (Custer Forest Plan, pages 19 and 46).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

R1-FS-Timing-1

TIMING LIMITATION STIPULATION

No surface use is allowed during the following time period(s). This stipulation does not apply to operation and maintenance of production facilities.

March 15 to July 20

On the lands described below:

<u>Parcel No.</u>	<u>Description of Lands</u>
03-02-55	T 146 N, R 103 W, 5 th PM, ND Sec. 10: Portions of E2E2 14: Portions of N2NW

For the purpose of:

Minimizing disturbance of the lands within 1/2 mile of the prairie falcon nests during the critical nesting season (Custer Forest Plan, pages 19 and 46).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

R1-FS-Timing-2